

# House File 641 - Reprinted

HOUSE FILE 641

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 576)

(SUCCESSOR TO HSB 104)

(As Amended and Passed by the House April 21, 2015)

## A BILL FOR

1 An Act relating to and providing for the coordination and  
2 facilitation of broadband access in targeted areas of the  
3 state, including property tax incentives for broadband  
4 infrastructure installation, a broadband grant program and  
5 fund, and including applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

LEGISLATIVE INTENT

Section 1. SHORT TITLE. This Act shall be known and may be cited as the "Connecting Iowa Farms, Schools, and Communities Act".

Sec. 2. LEGISLATIVE INTENT. The general assembly finds and declares that increasing the extent and availability of broadband infrastructure throughout the state facilitates the provision of internet access to citizens, farms, businesses, and communities at speeds that promote economic development, employment, enhanced access to goods and services, increased educational and training opportunities, faster access to government services and health care, and improved overall information and community access.

DIVISION II

STATEWIDE BROADBAND COORDINATION

Sec. 3. Section 8B.1, Code 2015, is amended by adding the following new subsections:

NEW SUBSECTION. 01. "*Broadband*" means a high-speed, high-capacity electronic transmission medium, including fixed wireless and mobile wireless mediums, that can carry data signals from independent network sources by establishing different bandwidth channels and that is commonly used to deliver internet services to the public.

NEW SUBSECTION. 001. "*Broadband infrastructure*" means the physical infrastructure used for the transmission of data that provides broadband services. "*Broadband infrastructure*" does not include land, buildings, structures, improvements, or equipment not directly used in the transmission of data via broadband.

NEW SUBSECTION. 0001. "*Communications service provider*" means a service provider that provides broadband service.

NEW SUBSECTION. 00001. "*Crop operation*" means the same as defined in section 717A.1.

NEW SUBSECTION. 7A. "*Targeted service area*" means a United

1 States census bureau census block located in this state,  
2 including any crop operation located within the census block,  
3 within which no communications service provider offers or  
4 facilitates broadband service at or above twenty-five megabits  
5 per second of download speed and three megabits per second of  
6 upload speed.

7 Sec. 4. Section 8B.1, subsection 1, Code 2015, is amended  
8 to read as follows:

9 1. "*Information technology*" means computing and electronics  
10 applications used to process and distribute information in  
11 digital and other forms and includes information technology  
12 devices, information technology services, infrastructure  
13 services, broadband and broadband infrastructure, and  
14 value-added services.

15 Sec. 5. Section 8B.3, subsection 1, Code 2015, is amended  
16 to read as follows:

17 1. The office is created for the purpose of leading,  
18 directing, managing, coordinating, and providing accountability  
19 for the information technology resources of state government  
20 and for coordinating statewide broadband availability and  
21 access.

22 Sec. 6. Section 8B.4, Code 2015, is amended by adding the  
23 following new subsections:

24 NEW SUBSECTION. 14A. Streamline, consolidate, and  
25 coordinate the access to and availability of broadband and  
26 broadband infrastructure throughout the state, including but  
27 not limited to the facilitation of public-private partnerships,  
28 ensuring that all state agencies' broadband and broadband  
29 infrastructure policies and procedures are aligned, resolving  
30 issues which arise with regard to implementation efforts,  
31 and collecting data and developing metrics or standards  
32 against which the data may be measured and evaluated regarding  
33 broadband infrastructure installation and deployment.

34 NEW SUBSECTION. 14B. Administer the broadband grant  
35 program pursuant to section 8B.11.

1     NEW SUBSECTION. 14C. Coordinate the fiberoptic network  
2 conduit installation program established in section 8B.25.

3     Sec. 7. Section 8B.9, Code 2015, is amended by adding the  
4 following new subsection:

5     NEW SUBSECTION. 5. An annual report regarding the status  
6 of broadband expansion and coordination, the connecting  
7 Iowa farms, schools, and communities broadband grant program  
8 established under section 8B.11, and the adequacy of the speed  
9 set in the definition of targeted service area in section 8B.1.

10    Sec. 8. NEW SECTION. 8B.10 Targeted service areas —  
11 determination — criteria.

12    1. The determination of whether a communications service  
13 provider offers or facilitates broadband service meeting the  
14 download or upload speeds specified in the definition of  
15 targeted service area in section 8B.1 shall be determined or  
16 ascertained by reference to broadband availability maps or data  
17 sources that are widely accepted for accuracy and available for  
18 public review and comment and that are identified by the office  
19 by rule.

20    2. The office shall establish procedures to allow  
21 challenges to the office's finding on whether an area meets the  
22 definition of targeted service area.

23    Sec. 9. NEW SECTION. 8B.11 Connecting Iowa farms, schools,  
24 and communities — broadband grants — fund.

25    1. The office shall administer a broadband grant program  
26 to award grants to communication service providers that reduce  
27 or eliminate targeted service areas by installing broadband  
28 infrastructure in targeted service areas in accordance with  
29 this section.

30    2. a. A connecting Iowa farms, schools, and communities  
31 broadband grant fund is established in the state treasury under  
32 the authority of the office. The fund shall consist of moneys  
33 available to and obtained or accepted by the office from the  
34 federal government or private sources. Moneys in the fund are  
35 appropriated to the office to be used for the grant program.

1     *b.* The office shall use moneys in the fund to provide grants  
2 to communication service providers pursuant to this section.  
3 The office shall use moneys in the fund to leverage available  
4 federal moneys.

5     *c.* Notwithstanding section 8.33, moneys in the fund  
6 that remain unencumbered or unobligated at the close of the  
7 fiscal year shall not revert but shall remain available for  
8 expenditure for the purposes designated until the close of the  
9 succeeding fiscal year.

10     3. Communication service providers may apply to the office  
11 for a grant pursuant to this section for the installation of  
12 broadband infrastructure that facilitates broadband service  
13 at or above twenty-five megabits per second of download speed  
14 and three megabits per second of upload speed in targeted  
15 service areas. The office shall include representatives from  
16 schools, communities, agriculture, industry, and other areas  
17 as appropriate to review and recommend grant awards. The  
18 office shall conduct an open application review process and  
19 include a public internet site for applications, results, and  
20 performance.

21     4. *a.* The office shall award grants on a competitive basis  
22 after considering the following:

23         (1) The relative need for broadband infrastructure in the  
24 area and the existing broadband service speeds.

25         (2) The percentage of the homes, farms, schools, and  
26 businesses in the targeted service area that will be provided  
27 access to broadband service.

28         (3) The geographic diversity of the project areas of all the  
29 applicants.

30         (4) The economic impact of the project to the area.

31         (5) The applicant's total proposed budget for the project,  
32 including the amount or percentage of local match, if any.

33         (6) Other factors the office deems relevant.

34     *b.* Except as otherwise provided in this section, the office  
35 shall not evaluate applications based on the office's knowledge

1 of the applicant except for the information provided in the  
2 application.

3 5. The office shall not award a grant pursuant to this  
4 section that exceeds ten percent of the communication service  
5 provider's project cost.

6 6. The office shall adopt rules pursuant to chapter 17A,  
7 including but not limited to the broadband grant program  
8 process, management, and measurements as deemed necessary by  
9 the office.

10 Sec. 10. NEW SECTION. 8B.25 **Fiberoptic network conduit**  
11 **installation program.**

12 1. For purposes of this section:

13 a. "*Fiberoptic network conduit*" means a pipe, vault,  
14 or duct used to enclose fiberoptic cable facilities buried  
15 alongside a roadway or surface mounted on a bridge, overpass,  
16 or other facility where placement below ground is impossible  
17 or impractical. "*Fiberoptic network conduit*" does not include  
18 electronics or cable.

19 b. "*Public funding*" does not include a tax exemption  
20 authorized under section 427.1, subsection 40.

21 c. "*Where such conduit does not exist*" means that private  
22 or publicly owned fiberoptic cable is not currently within a  
23 linear range of five hundred feet or less in any one direction.

24 2. The office shall lead and coordinate a program to provide  
25 for the installation of fiberoptic network conduit where such  
26 conduit does not exist. The chief information officer shall  
27 consult and coordinate with applicable agencies and entities  
28 as determined appropriate to ensure that the opportunity is  
29 provided to lay or install fiberoptic network conduit wherever  
30 a state-funded construction project involves trenching, boring,  
31 a bridge, a roadway, or opening of the ground, or alongside any  
32 state-owned infrastructure.

33 3. Contingent upon the provision of funding for such  
34 purposes by the general assembly, the office may contract  
35 with a nongovernmental third party to manage, lease, install,

1 or otherwise provide fiberoptic network conduit access for  
 2 projects described in this section. This section does not  
 3 require coordination with or approval from the office pursuant  
 4 to this program or installation of fiberoptic conduit as  
 5 required by this section for construction projects not using  
 6 public funding.

7 Sec. 11. NEW SECTION. **8B.26 Broadband permitting process**  
 8 **— expeditious response.**

9 Notwithstanding any other provision to the contrary, a  
 10 political subdivision vested with permitting authority shall  
 11 approve, approve with modification, or disapprove nonwireless,  
 12 broadband-related permits within sixty business days following  
 13 the submission of the necessary application requirements. In  
 14 the event that no action is taken during the sixty-day period,  
 15 the application shall be deemed approved.

16 Sec. 12. Section 8D.3, subsection 2, paragraph a, Code 2015,  
 17 is amended to read as follows:

18 a. The commission is composed of five voting members  
 19 appointed by the governor and subject to confirmation by the  
 20 senate. ~~Members~~ Voting members of the commission shall not  
 21 serve in any manner or be employed by an authorized user of the  
 22 network or by an entity seeking to do or doing business with  
 23 the network.

24 (1) The governor shall appoint a voting member as the  
 25 chairperson of the commission from the five voting members  
 26 ~~appointed by the governor~~, subject to confirmation by the  
 27 senate.

28 (2) ~~Members~~ Voting members of the commission shall serve  
 29 six-year staggered terms as designated by the governor and  
 30 appointments to the commission are subject to the requirements  
 31 of sections 69.16, 69.16A, and 69.19. Vacancies shall be  
 32 filled by the governor for the duration of the unexpired term.

33 (3) The salary of the voting members of the commission shall  
 34 be twelve thousand dollars per year, except that the salary  
 35 of the chairperson shall be seventeen thousand dollars per

1 year. ~~Members~~ Voting members of the commission shall also be  
2 reimbursed for all actual and necessary expenses incurred in  
3 the performance of duties as members. The benefits and salary  
4 paid to the voting members of the commission shall be adjusted  
5 annually equal to the average of the annual pay adjustments,  
6 expense reimbursements, and related benefits provided under  
7 collective bargaining agreements negotiated pursuant to chapter  
8 20.

9     Sec. 13. Section 8D.3, subsection 2, paragraph b, Code 2015,  
10 is amended to read as follows:

11     b. ~~In addition to the members appointed by the governor,~~  
12 ~~the~~ The auditor of state or the auditor's designee and the  
13 chief information officer appointed pursuant to section 8B.2  
14 or the chief information officer's designee shall serve as a  
15 nonvoting, ex officio ~~member~~ members of the commission.

16     Sec. 14. Section 8D.4, Code 2015, is amended to read as  
17 follows:

18     **8D.4 Executive director appointed.**

19     ~~The commission, in consultation with the director of~~  
20 ~~the department of administrative services and the chief~~  
21 ~~information officer,~~ shall appoint an executive director of  
22 the commission, subject to confirmation by the senate. Such  
23 individual shall not serve as a member of the commission.  
24 The executive director shall serve at the pleasure of the  
25 commission. The executive director shall be selected primarily  
26 for administrative ability and knowledge in the field, without  
27 regard to political affiliation. The governor shall establish  
28 the salary of the executive director within range nine as  
29 established by the general assembly. The salary and support of  
30 the executive director shall be paid from funds deposited in  
31 the Iowa communications network fund.

32     Sec. 15. Section 80.28, subsection 2, Code 2015, is amended  
33 to read as follows:

34     2. The board shall consist of ~~fifteen~~ seventeen voting  
35 members, as follows:

1     a. The following members representing state agencies:

2     (1) One member representing the department of public  
3 safety.

4     (2) One member representing the state department of  
5 transportation.

6     (3) One member representing the department of homeland  
7 security and emergency management.

8     (4) One member representing the department of corrections.

9     (5) One member representing the department of natural  
10 resources.

11    (6) One member representing the Iowa department of public  
12 health.

13    (7) One member representing the office of the chief  
14 information officer created in section 8B.2.

15    b. The governor shall solicit and consider recommendations  
16 from professional or volunteer organizations in appointing the  
17 following members:

18    (1) Two members who are representatives from municipal  
19 police departments.

20    (2) Two members who are representatives of sheriff's  
21 offices.

22    (3) Two members who are representatives from fire  
23 departments. One of the members shall be a volunteer fire  
24 fighter and the other member shall be a paid fire fighter.

25    (4) Two members who are law communication center managers  
26 employed by state or local government agencies.

27    (05) One member who is an emergency medical care provider  
28 as defined in section 147A.1.

29    (5) One at-large member.

30                                   DIVISION III

31                                   PROPERTY TAX INCENTIVES AND ASSESSMENT

32    Sec. 16. Section 421.1A, subsection 3, Code 2015, is amended  
33 to read as follows:

34    3. At the election of a property owner or aggrieved taxpayer  
35 or an appellant described in section 441.42, the property

1 assessment appeal board shall review any final decision,  
2 finding, ruling, determination, or order of a local board of  
3 review relating to protests of an assessment, valuation, or  
4 application of an equalization order, or any final decision  
5 of the county board of supervisors relating to denial of an  
6 application for a property tax exemption pursuant to section  
7 427.1, subsection 40.

8 Sec. 17. Section 421.1A, subsection 4, Code 2015, is amended  
9 by adding the following new paragraph:

10 NEW PARAGRAPH. *Ob.* Affirm or reverse a final decision  
11 of a county board of supervisors relating to denial of an  
12 application for a property tax exemption under section 427.1,  
13 subsection 40.

14 Sec. 18. Section 427.1, Code 2015, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 40. *Broadband infrastructure.*

17 *a.* The owner of broadband infrastructure shall be entitled  
18 to an exemption from taxation to the extent provided in this  
19 subsection. For the purposes of this subsection, "*broadband*  
20 *infrastructure*" and "*targeted service area*" mean the same as  
21 defined in section 8B.1.

22 *b.* The exemption shall apply to the installation of  
23 broadband infrastructure that facilitates broadband service  
24 at or above twenty-five megabits per second of download speed  
25 and three megabits per second of upload speed commenced and  
26 completed on or after July 1, 2015, in a targeted service area,  
27 and used to deliver internet services to the public. A person  
28 claiming an exemption under this subsection shall certify to  
29 the local assessor prior to commencement of the installation  
30 that the broadband installation will take place within a  
31 targeted service area and shall specify the number of homes,  
32 farms, schools, and businesses in the targeted service area  
33 that will be offered broadband service.

34 *c.* The tax exemption shall be a one hundred percent  
35 exemption from taxation for a period of ten years in an

1 amount equal to the actual value added by installation of the  
2 broadband infrastructure.

3     *d.* For companies assessed by the department of revenue  
4 pursuant to chapter 433, the exemption shall be limited to  
5 an amount equal to the actual value added by installation of  
6 the broadband infrastructure as of the assessment date as  
7 determined by the department and the exemption shall be applied  
8 prior to any other exemption applicable to the unit value, as  
9 determined under that chapter.

10     *e.* (1) An application for an exemption shall be filed by  
11 the owner of the property with the county board of supervisors  
12 of each county in which the property is located by February  
13 1 of the year in which the broadband infrastructure is first  
14 assessed for taxation, or the following two assessment years,  
15 and in each case the exemption is allowed for ten years.

16     (2) In lieu of subparagraph (1), and notwithstanding any  
17 provision in this subsection to the contrary, an owner may at  
18 any time before completion of the project submit a proposal to  
19 the board of supervisors requesting that the board allow the  
20 owner to file an application for exemption by February 1 of  
21 any other assessment year following completion of the project,  
22 which year shall be selected by the board. If the board, by  
23 resolution, approves the proposal, the exemption is allowed for  
24 ten years.

25     *f.* (1) The application shall be made on forms prescribed by  
26 the director of revenue. The application shall contain but not  
27 be limited to the following information:

28     (a) The nature of the broadband infrastructure  
29 installation.

30     (b) The percentage of the homes, farms, schools, and  
31 businesses in the targeted service area that will be provided  
32 access to broadband service.

33     (c) The actual cost of installing the broadband  
34 infrastructure under the project, if available. The  
35 application shall contain supporting documents demonstrating

1 the actual cost.

2 (d) Certification from the office of the chief information  
3 officer pursuant to section 8B.10 that the installation is  
4 being performed or was completed in a targeted service area.  
5 Certification from the office of the chief information officer  
6 that broadband infrastructure installed in a targeted service  
7 area facilitates broadband service at or above twenty-five  
8 megabits per second of download speed and three megabits per  
9 second of upload speed.

10 (e) Certification of the date of commencement and actual or  
11 estimated date of completion.

12 (f) A copy of any nonwireless broadband-related permit  
13 issued by a political subdivision.

14 (g) If applying pursuant to paragraph "e", subparagraph (2),  
15 the actual cost already incurred for installation of broadband  
16 infrastructure, if any, the estimated costs for project  
17 completion, and the estimated date of project completion. The  
18 application shall contain supporting documents demonstrating  
19 the actual cost.

20 (2) The board of supervisors shall forward all approved  
21 applications and any necessary information regarding the  
22 applications to the appropriate local assessor or to the  
23 department of revenue, as applicable, by March 1 annually.  
24 After the tax exemption is granted, the local assessor  
25 shall continue to grant the tax exemption for ten years, and  
26 applications for exemption for succeeding years shall not be  
27 required.

28 (3) An applicant for a property tax exemption under this  
29 subsection may appeal the decision of the board of supervisors  
30 regarding denial of the application to the property assessment  
31 appeal board.

32 g. (1) If a company whose property in the county is not  
33 assessed by the department of revenue is approved to receive a  
34 property tax exemption pursuant to this subsection, the actual  
35 value added by installation of the broadband infrastructure

1 shall be determined by the local assessor who shall certify the  
2 amount of exemption determined to the county auditor at the  
3 time of transmitting the assessment rolls.

4 (2) Notwithstanding any other provision of law to the  
5 contrary, if a company in which all or a portion of the  
6 company's property in the county is assessed by the department  
7 pursuant to chapter 433 and the company's property in the  
8 county is approved to receive a property tax exemption  
9 pursuant to this subsection, the department shall assess  
10 all the company's property in the county used for operating  
11 telegraph and telephone lines, broadband, or cable systems for  
12 each assessment year the company receives the exemption, for  
13 purposes of determining the actual value added by installation  
14 of the broadband infrastructure.

15 (3) (a) If assessing property pursuant to subparagraph (2),  
16 the department shall certify the assessment value and exemption  
17 amounts for all property used for the operation of providing  
18 cable and broadband services and generally not assessed by  
19 the department to the local assessor for inclusion on the  
20 assessment rolls as provided in section 433.8, subsection 2.

21 (b) A company whose property is assessed by the department  
22 pursuant to subparagraph (2) shall follow the appeal procedures  
23 in chapter 429 for appealing any part of the assessment on  
24 all the company's property, including the company's property  
25 that would have been valued by the local assessor but for  
26 subparagraph (2). For appeal proceedings for assessed values  
27 submitted pursuant to subparagraph division (a), the department  
28 shall notify the taxpayer of the right to appeal pursuant to  
29 chapter 429.

30 *h.* The director of revenue may adopt rules pursuant to  
31 chapter 17A for the interpretation and proper administration of  
32 the exemption provided in this subsection.

33 Sec. 19. Section 433.8, Code 2015, is amended to read as  
34 follows:

35 **433.8 Assessment in each county — how certified.**

1     1. The director of revenue shall, for the purpose of  
2     determining what amount shall be assessed to each company  
3     in each county of the state into which the line of the said  
4     company extends, certify to the several county auditors of the  
5     respective counties into, over, or through which said line  
6     extends the number of miles of line in the county for that  
7     company, the actual value per mile of line for that company,  
8     and the exemption value per mile of line for that company for  
9     exemptions received pursuant to section 427.1, subsection 40,  
10    section 433.4, or any other exemptions. In no case, however,  
11    shall the taxable value of the property be reduced below zero.  
12    2. If assessing all of the property of a company pursuant to  
13    section 427.1, subsection 40, paragraph "g", subparagraph (2),  
14    the director shall also certify such amounts to the assessor  
15    for inclusion on the assessment rolls.

16    Sec. 20. RULES. The office of the chief information  
17    officer shall adopt rules pursuant to chapter 17A to certify  
18    that the installation of broadband infrastructure meets the  
19    requirements under section 427.1, subsection 40, as enacted in  
20    this division of this Act, for purposes of receiving a property  
21    tax exemption.

22    Sec. 21. IMPLEMENTATION. Section 25B.7 shall not apply to  
23    this division of this Act.

24    Sec. 22. APPLICABILITY. This division of this Act applies  
25    to assessment years beginning on or after January 1, 2016.

#### 26                                   DIVISION IV

#### 27                   INFORMATION TECHNOLOGY INFRASTRUCTURE FOR EDUCATION

28    Sec. 23. Section 423F.3, subsection 6, Code 2015, is amended  
29    by adding the following new paragraph:

30    NEW PARAGRAPH. 0c. Additionally, "school infrastructure"  
31    includes the acquisition or installation of information  
32    technology infrastructure. For purposes of this paragraph,  
33    "information technology infrastructure" means the basic,  
34    underlying physical framework or system necessary to deliver  
35    technology connectivity to a school district and to network

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1 school buildings within a school district.